



PEARL QUEEN PERLITE CORPORATION

DIVISION OF OIL, GAS & MINING PLANT TOUR JUNE 24, 1998

MILFORD PERLITE PROCESSING & LOADOUT FACILITY

The processing mill has the capacity to accept a 20 ton per hour feed rate. Processing consists of receiving, crushing, drying, screening, sizing and storage of perlite ore. The rail and truck loadout system can load at a rate of 75 tons per hour. This equates to annual production capacity of 112,000 tons of perlite.

The grades and sizes of ore produced at Pearl Queen are:

PQP-100 Grade	-6 +16 Mesh Size
PQP-120 Grade	-16 +30 Mesh Size
PQP-140 Grade	-30 +50 Mesh Size
PQP-160 Grade	-50 +100 Mesh Size
PQP-180 Grade	-100 +200 Mesh Size
PQP-200 Grade	-200 Mesh Size

The perlite ore is shipped to expanding facilities in the United States and Canada. Once expanded, perlite is used in a number of applications; some of the major ones are listed below:

- Additive in horticultural soil products.
- Raw material in formed construction products, such as acoustical ceiling tile and roof insulation board.
- Loose fill and cryogenic insulation.
- Filter aid media and absorption media.

Perlite is remarkably clean and safe; it is non-toxic, inert, neutral and has a "nuisance dust only" classification by OSHA.

PQP MINE AND RESERVES

The mineral reserves consist of approximately 40,000,000 tons of clean perlite ore of high and consistent quality. About 8,000,000 tons are located on a state school section of land and are controlled through a state mineral lease. About 32,000,000 tons are located on BLM lands and are controlled through unpatented federal lode mining claims.

The mine area consists of seven open acres on the state lease lands and is an open quarry site. No explosives or chemicals are used in the mining process. Material is stripped by dozer, put through a primary crushing system, and then is transported by truck to the processing facilities at Milford.

ECONOMIC BENEFITS OF PQP

With one shift operating currently, PQP has 10 full time employees on its payroll. When the mill is in full operation, and the planned expanding plant is constructed, this number is anticipated to increase to 42 full time workers. It should be noted that most of these jobs are professional or semi-skilled blue collar jobs which pay much more than the average wage in this area. The median employee in the mill makes \$12.00/hour and has a solid benefits package, including full family health care. There are also other good jobs created through PQP's contractors who perform the mining and haulage of the perlite ore.

PQP pays significant real and personal property taxes and is a new source of cash influx for the local and area economy.

PQP pays a royalty to the State Schools of \$.26/ton for the perlite it mines from the school section. In 1999, this is projected to be about \$28,000, and this should increase over the next several years.